



Shamaran Petroleum Corp
Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012
(unaudited)

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the management of the company. The company's independent auditor has not performed a review of these financial statements.

SHAMARAN PETROLEUM CORP.
Condensed Interim Consolidated Statement of Comprehensive Income (unaudited)
(Expressed in thousands of United States Dollars, except for per share data)

	Note	Three months ended March 31,	
		2012	2011
Expenses from continuing operations			
General and administrative expenses	5	(384)	(164)
Share based payments recovery / (expense)	18	2	(59)
Depreciation and amortisation expense		(49)	(52)
Relinquishment costs	6	(25,732)	-
Impairment losses	7	(248)	-
Share of loss of associate	14	(66)	(79)
Operating loss		(26,477)	(354)
Finance costs	8	-	(227)
Finance income	9	391	1,162
Net finance income		391	935
Income / (loss) before income tax expense		(26,086)	581
Income tax expense	10	(24)	(41)
Net income / (loss) from continuing operations		(26,110)	540
Discontinued operations			
Loss from discontinued operations	11	(37)	(78)
Net income / (loss) for the period		(26,147)	462
Other comprehensive income:			
Currency translation differences		33	36
Total other comprehensive income		33	36
Total comprehensive income / (loss) for the period		(26,114)	498
Earnings / (loss) in dollars per share:			
Continuing operations			
Basic and diluted		(0.03)	-
Discontinued operations			
Basic and diluted		-	-
Continuing and discontinued operations			
Basic and diluted		(0.03)	-

The accompanying notes are an integral part of these consolidated financial statements.

SHAMARAN PETROLEUM CORP.
Condensed Interim Consolidated Balance Sheet (unaudited)
(Expressed in thousands of United States Dollars)

	Note	March 31, 2012	December 31, 2011
Assets			
Non-current assets			
Intangible assets	12	48,262	45,836
Property, plant and equipment	13	210	382
Investment in associate	14	51,769	51,835
		100,241	98,053
Current assets			
Other current assets		377	647
Inventories	15	1,713	3,328
Other receivables		1,347	105
Cash and cash equivalents		5,670	49,085
		9,107	53,165
Assets associated with discontinued operations	11	12	21
Total assets		109,360	151,239
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	16	7,673	23,245
Current tax liabilities		120	122
		7,793	23,367
Liabilities associated with discontinued operations	11	2,424	2,613
Total liabilities		10,217	25,980
Equity			
Share capital	17	533,349	533,349
Share based payments reserve		3,826	3,828
Cumulative translation adjustment		15	(18)
Accumulated deficit		(438,047)	(411,900)
Total equity		99,143	125,259
Total liabilities and equity		109,360	151,239

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorized for issue on May 18, 2012 and signed on its behalf:

/s/Cameron Bailey
J. Cameron Bailey, Director

/s/Keith Hill
Keith C. Hill, Director

SHAMARAN PETROLEUM CORP.
Condensed Interim Consolidated Statement of Changes in Equity (unaudited)
(Expressed in thousands of United States Dollars)

	Share capital	Share based payments reserve	Cumulative translation adjustment	Accumulated deficit	Total
Balance at January 1, 2011	432,506	3,968	5	(200,961)	235,518
Total comprehensive income for the period	-	-	36	462	498
Transactions with owners in their capacity as as owners:					
Share-based payments	-	59	-	-	59
Share options exercised	96	(40)	-	-	56
	96	19	-	-	115
Balance at March 31, 2011	432,602	3,987	41	(200,499)	236,131
Balance at January 1, 2012	533,349	3,828	(18)	(411,900)	125,259
Total comprehensive income / (loss) for the period	-	-	33	(26,147)	(26,114)
Transactions with owners in their capacity as as owners:					
Share-based payments	-	(2)	-	-	(2)
	-	(2)	-	-	(2)
Balance at March 31, 2012	533,349	3,826	15	(438,047)	99,143

The accompanying notes are an integral part of these consolidated financial statements.

SHAMARAN PETROLEUM CORP.
Condensed Interim Consolidated Statement of Cash Flows (unaudited)
(Expressed in thousands of United States Dollars)

	Note	Three months ended March 31,	
		2012	2011
Operating activities			
Net income / (loss) for the period from continuing operations		(26,110)	540
Adjustments for:			
Interest income		(24)	(109)
Foreign exchange gain	9	(367)	(1,053)
Depreciation and amortisation expense		49	52
Income tax		(2)	43
Impairment losses	7	248	-
Share-based payment recovery / (expense)	18	(2)	59
Share of loss of associates	14	66	79
Capitalized expenses		-	(191)
Changes in trade and other receivables		(1,242)	(18)
Changes in other current assets		270	(269)
Changes in inventories		1,302	(863)
Changes in accounts payable and accrued expenses		(15,572)	2,280
Cash used in discontinued operations		(217)	(188)
Net cash inflows / (outflows) from operating activities		(41,601)	362
Investing activities			
Intangible assets		(2,432)	(5,003)
Property, plant and equipment		194	(37)
Investment in associate		-	(4,000)
Interest received on cash deposits		24	109
Net cash outflows to investing activities		(2,214)	(8,931)
Financing activities			
Proceeds net of costs on issuance of shares		-	56
Net cash inflows from financing activities		-	56
Effect of exchange rate changes on cash and cash equivalents		400	1,089
Change in cash and cash equivalents		(43,415)	(7,424)
Cash and cash equivalents, beginning of the period		49,085	58,684
Cash and cash equivalents, end of the period		5,670	51,260

The accompanying notes are an integral part of these consolidated financial statements.

SHAMARAN PETROLEUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2012
(Expressed in thousands of United States Dollars unless otherwise stated)

1. General Information

ShaMaran Petroleum Corp. (“ShaMaran” and together with its subsidiaries the “Company”) is incorporated under the Business Corporations Act, British Columbia, Canada. The address of the registered office is Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1. The Company’s shares trade on the TSX Venture Exchange and NASDAQ OMX First North Exchange (Stockholm) under the symbol “SNM”.

The Company is engaged in the business of oil and gas exploration and development, and is currently in the pre-production stages of an exploration and development campaign in respect of petroleum properties located in the Kurdistan Region of Iraq (“Kurdistan”).

2. Basis of preparation and summary of significant accounting policies

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) including IAS 34 Interim financial reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods of application adopted are consistent with those disclosed in note 3 of the Company’s consolidated financial statements for the year ended December 31, 2011.

These consolidated financial statements have been prepared on the going concern basis which assumes that the Company will be able to realize into the foreseeable future its assets and liabilities in the normal course of business as they come due. The ability of the Company to continue as a going concern and to successfully carry out its business plan is primarily dependent upon the continued support of its shareholders, the discovery of economically recoverable reserves, the resolution of remaining political disputes in Iraq and the ability of the Company to obtain additional financing to develop reserves.

In the absence of current production revenues, the Company is currently dependent upon its existing financial resources which include \$5.7 million of cash and cash equivalents as at March 31, 2012 to satisfy its obligations and finance its exploration and evaluation program in Kurdistan. Failure to meet these exploration and evaluation commitments could put the related license interests at risk of forfeiture. Refer also to notes 19 and 22.

The Company believes that based on the forecasts and projections they have prepared and a number of financing initiatives which will be pursued as required the Company and its subsidiaries will have sufficient resources to satisfy its contractual obligations and commitments under the agreed work program over the next 12 months. Although the Company is confident that it will be able to raise sufficient funds there is no assurance at the date these financial statements were approved that these financing initiatives will be successful. The lack of sufficient committed funding for the next 12 months indicates a material uncertainty which may cast significant doubt over the Company’s ability to continue as a going concern. These consolidated financial statements do not include the adjustments that would result if the Company is unable to continue as a going concern.

3. Critical accounting judgments and key sources of estimation uncertainty

Areas of critical accounting judgments that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 4 of the Company’s consolidated financial statements the year ended December 31, 2011.

SHAMARAN PETROLEUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2012
(Expressed in thousands of United States Dollars unless otherwise stated)

4. Business and geographical segments

The Company operates in one business segment, the exploration and development of oil and gas assets, in one geographical segment, the Kurdistan Region of Iraq. As a result, in accordance with *IFRS 8 Operating Segments*, the Company has presented its financial information collectively for one operating segment. Refer to note 11 for disclosure of the Company's discontinued operations.

5. General and administrative expenses

	Three months ended March 31,	
	2012	2011
General and administrative expenses incurred	1,634	1,924
General and administrative expenses capitalized as E&E assets	(1,250)	(1,760)
General and administrative expenses	384	164

The Company capitalizes as E&E assets those general and administrative expenses incurred which relate to the operational aspects of the Company's E&E activities. Refer also to note 12.

6. Relinquishment costs

	Three months ended March 31,	
	2012	2011
Relinquishment fees	25,000	-
Costs to windup Pulkhana and Arbat operations	732	-
Total relinquishment costs	25,732	-

On January 17, 2012 the Company signed agreements with the KRG to relinquish the Pulkhana and Arbat Block PSCs. On January 25, 2012 the Company paid a total of \$25 million to the KRG in accordance with the terms of the agreements relieving the Company of all further obligations under the PSCs including its remaining minimum financial commitments. Refer also to notes 12 and 19.

7. Impairment losses

	Three months ended March 31,	
	2012	2011
Write down drilling inventory to net realizable value	313	-
Recovery of provision to liquidate property, plant and equipment	(65)	-
Total impairment losses	248	-

The above indicated losses and recovery relate to the relinquishment of the Pulkhana and Arbat production sharing contracts completed January 17, 2012. Refer also to notes 12, 13, 15 and 19.

8. Finance cost

	Three months ended March 31,	
	2012	2011
Guarantee fees	-	227
	-	227

SHAMARAN PETROLEUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2012
(Expressed in thousands of United States Dollars unless otherwise stated)

Guarantee fees relate to a guarantee provided by a shareholder, Lundin Petroleum AB, to the KRG on behalf of the Company in respect of minimum financial commitments under the Pulkhana and Arbat PSCs payable semi-annually and charged at a rate of 1.5% per annum. Prior to July 2010 the rate was 3% per annum. As a result of having relinquished the Pulkhana and Arbat Blocks the guarantee is no longer required by the Company. Refer also to note 22.

9. Finance income

	Three months ended March 31,	
	2012	2011
Interest income	24	109
Foreign exchange gain	367	1,053
	391	1,162

Interest income represents bank interest earned on cash and investments in marketable securities.

For the three months ended March 31, 2012 the foreign exchange gain of \$0.4 million (2011: \$1.1 million) resulted primarily from holding cash and cash equivalents denominated in Canadian dollars while the Canadian dollar strengthened during the reporting period against the United States dollar which is the reporting currency of the Company.

10. Taxation

	Three months ended March 31,	
	2012	2011
Income tax expense from continuing operations	24	41

The Company's income tax expense relates to a provision for income tax on service income generated in Switzerland. The income tax is calculated at the effective tax rate of 25% prevailing in this jurisdiction.

11. Discontinued operations

During May of 2009 the Company sold to a third party substantially all of its oil and gas properties located in the United States in the Gulf of Mexico. The results of the discontinued operations included in the consolidated statement of comprehensive income are as follows:

	Three months ended March 31,	
	2012	2011
Expenses		
Professional, general and administrative, and other	37	78
Net loss attributable to discontinued operations	37	78

SHAMARAN PETROLEUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2012
(Expressed in thousands of United States Dollars unless otherwise stated)

The major classes of assets and liabilities included in the consolidated balance sheet are as follows:

	March 31, 2012	December 31, 2011
Assets		
Prepaid expenses	12	21
	12	21
Liabilities		
Trade payables and accrued expenses	766	539
Provision	1,658	2,074
	2,424	2,613
Net liabilities	2,412	2,592

The provision relates to site restoration costs pertaining to the remaining interests the Company holds in petroleum properties located in the United States. The provision was determined based on the Company's remaining net ownership interest in the corresponding wells and facilities, estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods.

12. Intangible assets

	Exploration and evaluation assets	Other intangible assets	Total
At January 1, 2011			
Cost	149,692	270	149,962
Accumulated amortisation	-	(70)	(70)
Net book value	149,692	200	149,892
Year ended December 31, 2011			
Opening net book value	149,692	200	149,892
Additions	101,894	1	101,895
Amortisation expense	-	(97)	(97)
Impairment losses	(205,861)	-	(205,861)
Exchange differences	-	7	7
Net book value	45,725	111	45,836
At December 31, 2011			
Cost	251,586	271	251,857
Accumulated amortisation	-	(160)	(160)
Provision for impairment	(205,861)	-	(205,861)
Net book value	45,725	111	45,836
Three months ended March 31, 2012			
Opening net book value	45,725	111	45,836
Additions	2,445	-	2,445
Amortisation expense	-	(23)	(23)
Exchange differences	-	4	4
Net book value	48,170	92	48,262
At March 31, 2012			
Cost	254,031	282	254,313
Accumulated amortization	-	(190)	(190)
Provision for impairment	(205,861)	-	(205,861)
Net book value	48,170	92	48,262

SHAMARAN PETROLEUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2012
(Expressed in thousands of United States Dollars unless otherwise stated)

In December 2011 the Company took the decision to relinquish to the KRG the Pulkhana and Arbat Block PSCs and immediately suspend all operations associated with those two production sharing contracts. The Company has recorded a provision to expense all exploration and evaluation assets, which includes acquisition costs, capacity building payments to the KRG, costs of acquiring seismic data, and drilling and testing costs which have been incurred by the Company on these two Blocks up to December 31, 2011. The relinquishment was completed on January 17, 2012. Refer also to note 6.

The net book value of exploration and evaluation assets at March 31, 2012 relates directly to the Taza Block in the amount of \$42.3 million (December 31, 2011: \$40.9 million) and an amount of \$5.9 million (December 31, 2011: \$4.8 million) in capitalized general administrative support and other costs.

Other intangible assets comprise computer software licenses. The amortisation charge is presented as part of general and administrative expenses within the Company's consolidated statement of comprehensive income.

13. Property, plant and equipment

	Oil and Gas equipment	Computer equipment	Furniture and office equipment	Total
At January 1, 2011				
Cost	-	203	217	420
Accumulated depreciation	-	(66)	(24)	(90)
Net book value	-	137	193	330
Year ended December 31, 2011				
Opening net book value	-	137	193	330
Additions	678	36	13	727
Disposals	(171)	(7)	(19)	(197)
Depreciation expense	(160)	(78)	(46)	(284)
Impairment losses	(174)	(17)	(10)	(201)
Exchange differences	-	5	2	7
Net book value	173	76	133	382
At December 31, 2011				
Cost	444	232	203	879
Accumulated depreciation	(98)	(139)	(60)	(296)
Provision for impairment	(174)	(17)	(10)	(201)
Net book value	173	76	133	382
Three months ended March 31, 2012				
Opening net book value	173	76	133	382
Disposals	(186)	(1)	(13)	(200)
Depreciation expense	(17)	(18)	(8)	(43)
Impairment recovery / (losses)	73	(1)	(7)	65
Exchange differences	-	2	4	6
Net book value	43	58	109	210
At March 31, 2012				
Cost	170	216	169	555
Accumulated depreciation	(85)	(153)	(59)	(297)
Provision for impairment	(42)	(5)	(1)	(48)
Net book value	43	58	109	210

SHAMARAN PETROLEUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2012
(Expressed in thousands of United States Dollars unless otherwise stated)

As a result of the relinquishment of the Pulkhana and Arbat PSCs the Company has determined that there is impairment in value of certain property plant and equipment employed in the exploration operations associated with these production sharing contracts and has recorded a provision for impairment on these assets. The impairment provision remaining at the end of the period reflects the total impairment losses incurred less the provisions associated with those impaired assets subsequently disposed. Refer also to note 7.

14. Investment in associate

The Company's investment in GEP included in the balance sheet is as follows:

	March 31, 2012	December 31, 2011
Cumulative cash contributions	47,827	47,827
Common share contribution	5,000	5,000
Acquisition costs	204	204
Share of net losses since acquisition	(364)	(298)
Recovery of costs from partner	(898)	(898)
Total investment in associate	51,769	51,835

The share of loss from associate included in the statement of comprehensive income is as follows:

	Three months ended March 31,	
	2012	2011
Total loss of associate	198	236
Company's 33.5% share of loss of associate	66	79

15. Inventories

	March 31, 2012	December 31, 2011
Drilling and downhole equipment	2,109	4,570
Provision for impairment	(396)	(1,242)
Total inventories	1,713	3,328

The Company has determined that at December 31, 2011 there was impairment in the value of certain inventory items which were to be used in the drilling programs in the Pulkhana and Arbat Blocks as a result of the termination of these drilling programs. The impairment provision remaining at the end of the period reflects the total impairment losses incurred less the provisions associated with impaired inventory subsequently disposed. Refer also to note 7.

16. Accounts payable and accrued expenses

	March 31, 2012	December 31, 2011
Trade accounts payable	4,857	17,409
Accrued expenses	2,542	4,379
Net payables to joint venture partners	274	1,457
Total accounts payable and accrued expenses	7,673	23,245

SHAMARAN PETROLEUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2012
(Expressed in thousands of United States Dollars unless otherwise stated)

17. Share capital

The Company is authorized to issue an unlimited number of common shares with no par value. The Company's issued share capital is as follows:

	Number of shares	\$000
Balance at January 1, 2011	623,182,194	432,506
Private placement, net of issuance costs	183,500,000	99,778
Share options exercised	1,301,666	1,065
Balance at December 31, 2011	807,983,860	533,349
Balance at March 31, 2012	807,983,860	533,349

Refer also to note 22.

18. Share-based payments

The Company has an established share purchase option plan whereby a committee of the Company's board of directors may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees or consultants. The number of shares under option at any specific time to any one option holder shall not exceed 5% of the issued and outstanding common shares of the Company. The term of any options granted under the plan will be fixed by the Board of Directors and may not exceed five years from the date of grant. A four month hold period may be imposed by the stock exchange from the date of grant. Vesting terms are at the discretion of the Board of Directors. All issued share options have terms of three to five years and vest over periods of up to three years. The exercise prices reflect trading values of the Company's shares at grant date.

Movements in the Company's share options outstanding are explained as follows:

	Number of Share options	Weighted average exercise price CAD
Outstanding at January 1, 2011	4,560,000	0.65
Granted	25,000	0.80
Exercised	(1,301,666)	0.49
Forfeited	(50,000)	0.43
Outstanding at December 31, 2011	3,233,334	0.72
Expired	(450,000)	1.52
Forfeited	(135,000)	0.64
Outstanding at March 31, 2012	2,648,334	0.59
Share options exercisable:		
At January 1, 2011	3,155,000	0.69
At December 31, 2011	2,803,335	0.75
At March 31, 2012	2,493,335	0.60

The Company recognizes compensation expense on share options granted to both employees and non-employees using the fair value method at the date of grant, which the Company records as an expense. The share based payment expense is calculated using the Black-Scholes option pricing model.

SHAMARAN PETROLEUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2012
(Expressed in thousands of United States Dollars unless otherwise stated)

The weighted average fair value of options granted and the assumptions used in their determination are as follows:

	Three months ended March 31, 2012	Year ended December 31, 2011
Expected dividend yield	0%	0%
Risk-free interest rate (weighted average)	3.20%	3.20%
Expected share price volatility (weighted average)	86.94%	86.94%
Expected option life in years (weighted average)	4.12	4.12
Grant date fair value (weighted average)	CAD 0.36	CAD 0.54

Share based payment expense for the three months ended March 31, 2012 was \$10 (2011: expense of \$59). Due to a reversal of \$12 in share based payments expensed in the fourth quarter of 2011 which relate to a grant which was forfeited the Company has reported a net recovery of \$2 in share based payments on the statement of comprehensive income for the three months ended March 31, 2012.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

19. Commitments

Production Sharing Contracts ("PSC")

ShaMaran holds 33.5% of the issued shares of General Exploration Partners Inc ("GEP") which holds an 80% working interest in the Atrush Block PSC. Marathon Oil Corporation holds the remaining 20% interest with the KRG holding an option to acquire up to a 25% interest in the PSC prior to 180 days after declaration of a commercial discovery. GEP is responsible for 80% of the approved annual work program and budget within the appraisal period now in progress.

The Company entered into a PSC in July 2011 in respect of the Taza Block (formerly Block K42) petroleum exploration and development property also located in Kurdistan. ShaMaran holds a 20% working interest in the Taza PSC, and Oil Search Iraq Limited ("OSIL") is the operator with a 60% working interest in the PSC. The KRG holds a 20% working interest in the PSC with costs carried by ShaMaran and OSIL. The Company had previously been a party to an option agreement in respect of the Taza Block with the KRG and OSIL. ShaMaran and OSIL exercised their option on July 27, 2011 to convert that agreement into the PSC.

All qualifying petroleum costs incurred by the Contractor shall be recovered from a portion of available petroleum production, defined under the terms of the PSCs. All modifications to the PSC's are subject to the approval of the KRG.

The PSCs contemplate minimum financial commitments during the first exploration sub-period and also require the Contractor to fund certain community development, personnel, training, environmental, and technological assistance projects during the period over which the contracts are in effect.

SHAMARAN PETROLEUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2012
(Expressed in thousands of United States Dollars unless otherwise stated)

As at March 31, 2012, the outstanding contractual commitments of the Company were as follows:

	For the year ending March 31,				Total
	2013	2014	2015	Thereafter	
General Exploration Partners Inc	25,662	-	-	-	25,662
Taza Block PSC	4,417	1,667	833	-	6,917
Office and other	89	-	-	-	89
Total commitments	30,168	1,667	833	-	32,668

20. Financial instruments

Financial assets

The financial assets of the Company on the balance sheet dates are as follows:

	Loans and receivables		Available-for-sale investments	
	31 Mar 12	31 Dec 11	31 Mar 12	31 Dec 11
Current assets				
Other receivables	1,347	105	-	-
Other current assets, excluding prepaid expense	19	68	-	-
Cash and cash equivalents	5,670	49,085	-	-
Total financial assets	7,036	49,258	-	-

Financial assets classified as loans and receivables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method less any provision for impairment.

Financial assets classified as available-for sale are recognized at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income.

The carrying amount of the Company's financial assets approximates their fair value and none of which are past due.

Financial liabilities

The financial liabilities of the Company on the balance sheet dates are as follows:

	Note	31 Mar 12	31 Dec 11
Current financial liabilities			
Accounts payable and accrued expenses	16	7,673	23,245
Current tax liabilities		120	122
Financial liabilities associated with discontinued operations	11	2,424	2,613
Total financial liabilities		10,217	25,980

Financial liabilities are initially recognized at the fair value of the amount expected to be paid and are subsequently measured at amortized cost using the effective interest rate method. All financial liabilities have been classified as current as payment is expected within the next twelve months.

SHAMARAN PETROLEUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2012
(Expressed in thousands of United States Dollars unless otherwise stated)

21. Related party transactions

	Purchases of services		Amounts owing at	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Dec 11
Namdo Management Services Ltd.	70	67	24	7
Mile High Holdings Ltd.	-	31	-	19
McCullough O'Connor Irwin LLP	16	5	15	14
Vostok Naphta Investment Ltd.	10	-	-	-
Lundin Petroleum AB	172	612	52	78
Total	268	715	91	118

Namdo Management Services Ltd. is a private corporation owned by a shareholder of the Company which has provided corporate administrative support and investor relation services to the Company.

Mile High Holdings Ltd. is a private corporation associated with a shareholder of the Company which has provided transportation services to the Company in relation to its fundraising activities.

McCullough O'Connor Irwin LLP is a law firm in which an officer of the Company is a partner which has provided legal services to the Company.

Vostok Naphta Investment Ltd. is a corporation traded on the NASDAQ OMX Nordic Exchange in Stockholm (trading symbol VNIL SDB) associated with a shareholder of the Company and which has provided investor relations services to the Company in relation to its fundraising activities in Sweden.

The Company receives services from various subsidiary companies of Lundin Petroleum AB ("Lundin"), a shareholder of the Company. Lundin charges during the three months ended March 31, 2012 of \$172 (2011: \$612) were comprised of G&G and other technical service costs of \$57 (2011: \$21), reimbursement for Company travel and related expenses of nil (2011: \$278), office rental, administrative and building services of \$115 (2011: \$84) and nil (2011: \$229) relating to a guarantee provided to the KRG on behalf of the Company in respect of its minimum financial commitments, payable semi-annually and charged at a rate of 1.5 % per annum (3.0% prior to July 1, 2010).

All transactions with related parties are in the normal course of business and are made on the same terms and conditions as with parties at arm's length.

Refer also to note 22.

22. Events after the balance sheet date

On April 2, 2012 the Company entered into a debenture financing from two related parties who jointly are principal shareholders of the Company (the "Lenders") in the amount of \$10 million (the "Loan") on the following terms and conditions. The Loan will mature and be payable six months after closing of the Loan transaction (the "Maturity Date") and can be prepaid up to the Maturity Date without interest or penalty. Subsequent to the Maturity date interest will accrue on any unpaid Loan balance at 5% per annum commencing on the earlier of the Maturity Date or an event of default under the Debenture, and will be payable semi-annually thereafter. The Debenture is secured against the shares of the Company's operating subsidiaries. In connection with the Loan the Company has issued to the Lenders an aggregate of 3,000,000 common shares of the Company.

SHAMARAN PETROLEUM CORP.

DIRECTORS	CORPORATE INFORMATION
<p>Keith C. Hill Director, Chairman Vancouver, British Columbia</p> <p>Pradeep Kabra Director, President & Chief Executive Officer Geneva, Switzerland</p> <p>Brian D. Edgar Director Vancouver, British Columbia</p> <p>Gary S. Guidry Director Calgary, Alberta</p> <p>Alexandre Schneiter Director Anieres, Switzerland</p> <p>J. Cameron Bailey Director Calgary, Alberta</p>	<p>CORPORATE OFFICE 885 West Georgia Street Suite 2000 Vancouver, British Columbia V6C 3E8 Telephone: +1-604-689-7842 Facsimile: +1-604-689-4250 Website: www.shamaranpetroleum.com</p> <p>OPERATIONS OFFICE 5 Chemin de la Pallanterie 1222 Vézenaz Switzerland Telephone: +41-22-560-8600 Facsimile: +41-22-560-8601</p> <p>BANKER HSBC Bank Canada Vancouver, British Columbia</p> <p>INDEPENDENT AUDITORS PricewaterhouseCoopers LLP London, UK</p> <p>TRANSFER AGENT Computershare Trust Company of Canada Vancouver, British Columbia</p> <p>STOCK EXCHANGE LISTINGS TSX Venture Exchange and NASDAQ OMX First North Exchange Trading Symbol: SNM</p> <p>INVESTOR RELATIONS Sophia Shane Vancouver, British Columbia</p>
OFFICERS	
<p>Brenden Johnstone Chief Financial Officer Geneva, Switzerland</p> <p>Kevin E. Hisko Corporate Secretary Vancouver, British Columbia</p>	